



gb/GM

December 23rd, 1959

ISTITUTO DI GENETICA  
UNIVERSITÀ DI PAVIA  
VIA SANT'EPIFANIO, 14  
PAVIA

Professor J. Lederberg  
Department of Genetics  
University of Stanford  
Medical Center  
Stanford, Calif;

Dear Joshua,

I apologize for my delay in writing you.  
This is due to Schering's delay in sending me the official approval of our agreement.

You probably know from the newspapers that the Senate Committee for the Investigation on Pharmaceutical Activity has been sitting few days ago in Washington, under the chairmanship of Senator Kefauver and I know that just the last week, or so, Mr. Brown, President of Schering, has been called to that Committee to justify the tremendous income of his company during the last three years. You can easily understand, that, under these circumstances, neither Brown nor Waterman would pay any attention to any letter while dealing with this Senate investigation. In any case, I got just few days ago the approval and I am therefore including here:

- 1) a formal agreement with you
- 2) a copy of my contract with Interist

I take this opportunity to give you a short picture of the two companies and their relationships, which I beg you to consider as confidential.

Schering

President: Mr. Brown. He is a lawyer who has in charge, under the United States Government, of taking care of the German Schering during the war. When the company was sold on the market by the U.S. government he became President. In spite of being a business man (and I believe he is a very capable business man), he understands rather well technical questions, and he has the most proper attitude towards research in the pharmaceutical field (Schering is spending about 67 million \$ per year on research).

Senior Vice President: Mr. Waterman. He is <sup>in</sup> charge of production and research, and practically leads all the technical activities of the company. He is a chemist, graduated at M.I.T. and he also did research in synthetic chemistry. He left the research field many years ago ( I think he is around 60), but he still keeps the mentality of a former research man. Mr. Waterman's position in Schering is very strong because being a very wealthy man he is also the chief shareholder of the company. He probably doesn't understand anything about genetics, and modern quantitative biology, but just by guess he believes this to be a very promising field for a pharmaceutical company.

Dr. D. Papa. I don't know exactly his official position. He deals with patents and he is the man who is in charge of all the contacts with Lepetit. He comes from research (he first synthesized trimetan), and he is probably the best friend we have in Schering. Papa is the man to whom we send all the reports and to whom one has to refer for having something really done in Schering.

These three men are the only ones who know your relationship with Interist. (Probably some man in the administration would know something about it, but I think that they don't know who exactly *you are*).

Dr. Consent.: He is the only German of the former German Schering who is still in the company. He is Vice President in charge of sales and he is also president of Scherico. By the way, Schering Corporation is the mother company while Scherico Ltd. is the International division of the same. From the formal point of view the owners of Interist are Lepetit, Milano and Scherico, Ltd., Bloomfield, New Jersey; but this is simply due to questions related to transfer of money abroad. Mr. Consent wants only to know the financial annual report I have to send to Schering. The actual two men dealing with our activity are Mr. Waterman and Dr. Papa.

Besides these men it could happen that you sometimes will hear about Mr. *Jurow*. He is head of the law department in Schering, and is concerned with the legal wording of every contract. Below Waterman in the research field there is a certain amount of mass in Schering. They don't have a man responsible for all the research ~~products~~ *activities* so that we are dealing with a group which is called the microbiological group. This

group is led by Dr. Pearlman. He is a biochemist with <sup>us</sup> particularly good knowledge and experience in our field. He is a difficult man as far as our activity is concerned because he is very diplomatic, always kindly speaking, but, I believe, very little sincere. The only good microbiologist Schering has is Dr. Weinstein, who knows antibiotics very well. He is an old fashioned microbiologist (although being rather young, 40-41) but he knows very well how to manage screening and development of antibiotics.

Dr. Roselet is a very nice kind and open minded Swiss, who is in charge of the recovery and purification on the research level of antibacterial activity.

Dr. Herman is the man in charge of viruses and tissue cultures. He seems to be a good animal ~~vi~~biologist, unfortunately he always thinks that his ideas and technical procedures are the best in the field of biology.

These are the people concerned with the first step of research. As soon as ~~the~~ product seems to be promising it will be passed to another group in charge of development and this group is led by Dr. Herschberg. (The man whom you will remember as having worked on ~~Maplan~~ during the war for the army and later on ~~Predisone~~). He has some microbiologists and chemists working for him but we probably will never deal with this group unless something made by us should turn out to be of practical importance.

As I already mentioned to you there are in Schering two quite different attitudes towards our activity. The technicians (Dr. Pearlman and all his collaborators, with probably the only exception of Dr. Roselet) believe that we should not do anything which could be done by themselves: in spite of the fact that they cannot actually of course do everything. Their opinion is that we should only work on fields which cannot be approached by them because of lack of theoretical and practical competence. On the other hand the bosses (Mr. Waterman namely) believe that "we should develop any good idea we have with the hope that a very good group such as ours should bring forth something interesting". Our attitude in this respect is that it is completely useless to dispute philosophically on what could be done, and therefore we practically do whatever we want, and I am pretty sure that Mr. Waterman agrees with us.

Lepetit, Milano

President: Dr. Zerilli. He is also a lawyer and probably the most active and open minded business man in Italy. He doesn't understand anything about research but he believes that research is very important and during the last seven years he has relied completely and accepted 100% my opinions in this field.

Vice President: Dr. Zeller. He is in charge of research and development (the man you met at the lunch on the river in Pavia). He is definitely my best friend in both companies and he accepts completely (contrary to Schering technicians) our scientific approach.

In Lepetit there are some people you will never meet and I will just quote the names: Mr. De Andreis (Senior vice President) Mr. Menzocchi (President of Lepetit Antibiotici, the subsidiary of Lepetit which produces antibiotics-not dealing with research). Below Zeller the microbiology group in Lepetit is under one very capable man Dr. Sensi, who is in charge of recovery and purification, the microbiologists are not worthwhile mentioning because they are second rank people, and completely controlled by me by one day discussions a month. For the time being we don't have in Lepetit the same difficulties as <sup>with</sup> Schering because of the quite different human relationships we have with the group in Milan.

Lepetit-Schering Relationship

There was an agreement, which I think will be renewed in the course of the month, according to which Schering was supposed to licence Lepetit for every new product they should discover in the steroid field, and Lepetit would do the same in the antibiotic field. The relationship between the two companies, or rather between the two presidents (don't forget that both are organised according to the European standard, which means more or less complete dictatorship of the presidents) are very good, as far as they can be between two companies working in the same field and competing in some areas abroad. It happened that for some years Schering has been supplying Lepetit with new important discoveries (prednisone and dexametazone) while Lepetit didn't succeed in finding any new antibiotic to give to Schering. In 1956-7 Mr. Zerilli had the idea to repay this by "selling" something

- 5 -

to Schering and that was Interist, in the sense that he took the responsibility of finding what he defines as an excellent group of microbiologists to work with both companies. You understand therefore the great political importance of our group outside the scientific field. The new company was Interist. (Shareholder Lepetit 50% Scherico 50%). The aims are officially scientific research with special emphasis on microbiology. This company for the time being is considered only the Pavia group but ~~it is~~ according to the Statute of the company ~~that~~ it should consider other scientific activity. I have signed a contract with this company which as I mentioned to you will last to the end of 1961 and of which I enclose a copy.

My idea about it is that it should be changed by the end of the first term especially as far as the bonuses to be given to the discoverers are concerned. I think, however, that we shall have many chances to discuss this in the future. I will send you pretty soon also copies of all the scientific reports to Interist and would like very much to know your opinion about this.

Luca has probably written you about the disaster of the recent contest for full professorship. We don't know so far how all this will be arranged in the future, but we will **probably** have to take some important decisions. I apologise for this letter, much too long, but I think it will help you to understand exactly the situation.

With my best regards also to Esther, looking forward to seeing you soon,

Yours,

*Sivanni*

2 Encl 1